

Commissioner Stewart: Make Sure Your Coverage Is In Place Before Your Drone Is In the Air

Dover, DE – The Federal Aviation Administration estimates more than one million drones will be sold during the upcoming holiday season. Everyone from photographers and farmers to law enforcement and hobbyists are taking to the air. As drones become more affordable and available, the skies are getting crowded. Insurance Commissioner Karen Weldin Stewart and the National Association of Insurance Commissioners advise that personal or commercial use of drones raises a number of critical insurance issues, ranging from personal injury and property damage to privacy concerns.

Drones are defined as remotely piloted aircraft systems and are also known as unmanned air vehicles (UAVs). According to the Federal Aviation Administration (FAA), pilots of unmanned aircrafts have the same responsibility to fly safely as manned aircraft pilots. Earlier this week, the FAA announced that drone owners must register their UAVs beginning December 21 and pay a \$5 fee. States and municipalities may have their own laws regarding drone use. Before you take flight, first check local, state and federal laws. A link to the FAA release can be found below.

Drone Safety

Hobbyists have been flying model aircraft for decades. However, advances in technology allow drones to hover quietly and fly far from their pilot. According to the FAA, there will be 30,000 small unmanned UAVs used for

business purposes by 2020. This number does not include drones used by hobbyists.

With some drones weighing up to 55 pounds, a fall from the sky can cause significant damage to property or bystanders. The FAA has issued these guidelines for drone hobbyists:

- * Don't fly higher than 400 feet and stay clear of surrounding obstacles.
- * Keep the aircraft in sight at all times.
- * Stay away from manned aircraft operations.
- * Don't fly within five miles of an airport unless you contact the airport and control tower before flying.
- * Avoid flying near people or stadiums.
- * Don't fly an aircraft that weighs more than 55 pounds.
- * Use caution when flying your unmanned aircraft.

Insurance for Private Use

Since UAVs are operated remotely, there's no risk to passengers or crew. However, drones present a significant risk to property and life on the ground in the event of an accident. Drones can crash due to faulty and inappropriate operation, mechanical defects and component failure. Losses and damages could involve bodily injury to humans and animals as well as buildings and other structures.

Obtaining insurance for your drone for personal use isn't difficult. Using a private drone as a hobby is generally covered under a homeowner's insurance policy (subject to a deductible) which typically covers radio-controlled model aircraft. This also applies to a renter's insurance policy. Look at the contents section of your policy, or talk to your agent to see if your drone will be covered if it is lost, stolen or damaged. If your drone falls onto your car, damage to your car may be covered if you have a comprehensive coverage auto policy.

A larger concern is liability for an accident caused by your UAV. If your drone crashes into a person or someone else's vehicle, the accident is your responsibility. If you have a homeowners or renter's policy, generally the policy will cover liability for an accident caused by your drone. Check with your agent or insurer to verify your policy contains this important coverage.

Privacy Concerns

You may be excited to obtain a drone for your own use, but how would you feel about your neighbors owning and operating drones near your home? Privacy is a legitimate concern when it comes to drone use.

UAVs are often equipped with on-board cameras and other data-collection capabilities which can pose a threat to privacy. Drones may capture private data that could be harmful or embarrassing if shared. Beyond intentional surveillance, drones may also unintentionally capture images during routine and unrelated flights. As a drone owner, remain mindful of privacy concerns. Insurers are developing policies to cover these liability exposures, so keep in touch with your insurer to make sure your use remains covered.

Commercial Drone Use

Currently, the commercial use of UAVs is largely restricted and operations are authorized on a case by case basis. The FAA has started regulating commercial drones with proposed rules such as requiring pilots to obtain special pilot certificates, keeping drones away from bystanders, and restricting when and where they can fly. The proposed rules also prohibit drone delivery of packages. Since final rules have not been implemented, they are not being enforced.

Future of Drone Insurance

Widespread use of drones—private and commercial—poses various risks, ranging from safety to privacy of individuals. Risks arising from the use of drones could best be managed by property and casualty insurers, but only after defined drone operational requirements and performance standards are in place. Complete and clear drone regulation, by the states and the FAA, is necessary before insurers can meet policyholder needs.

Registration of drones will allow authorities to trace a drone back to an owner, which means it's vital that you're in compliance with laws and regulations and have the appropriate insurance coverage.

The FAA press release, which contains important information on deadlines, fees and the benefits of early registration, can be found at

https://www.faa.gov/news/press_releases/news_story.cfm?newsId=19856

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